

FISCAL NOTE

Bill #: HB0651 **Title:** Revise laws relating to off-highway vehicles and quadricycles

Primary Sponsor: Cohenour, J **Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$16,034	\$16,034
Net Impact on General Fund Balance:	\$16,034	\$16,034

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|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

- The proposal allows off-highway vehicles to be operated on or about highways under the following criteria:
 - Upon a highway if the off-highway vehicle is engaged in an agricultural operation or is avoiding an obstruction.
 - All off-highway vehicles may be operated on highways, or secondary highways if the posted speed limit is 45 miles an hour or less.
 - All off-highway vehicles may be operated in the barrow pit of a highway at speeds of 35 miles per hour or less.
- HB 651 also revises the registration and licensing of quadricycles.
- In FY 2004 there were approximately 26,000 quadricycles registered.
- Under current law, beginning in calendar year 2004, quadricycles were permanently registered, and in calendar year 2005 and beyond, will only be registered when new, or a change in ownership occurs.
- Ownership (including new) of a quadricycle changes about every three years; therefore, ownership for one-third of the quadricycles registered in Montana would change each year, or 8,667 (26,000 x 33.33%) quadricycles.
- Under the proposal, quadricycles are not required to pay the on-road motorcycle registration fee of \$11.25.

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7. Currently, only quadracycles and motorcycles operated upon public roads are assessed the on-road registration fee of \$11.25 under 61-3-321(1)(h). Other motorcycles and quadracycles that are not operated upon public roads are registered as off-highway vehicles. (See technical note 1)
8. Approximately one-third of quadracycles, or 2,889 (8,667 x 33.33%) will pay the on-road motorcycle registration fee of \$11.25 each year. The proposal, by exempting quadracycles from this fee, would *reduce* general fund revenue by \$32,501 (2,889 x \$11.25) each year.
9. Section 4 of HB 651 provides that quadracycles would pay a one-time fee of \$4.85 for a quadracycle with special license plates (61-3-415, MCA), and \$5.60 for a quadracycle permanently registered.
10. For purposes of this fiscal note, it is assumed that the fees specified in new section 4 for quadracycles applies to both on-road and off-road quadracycles. (See technical note 1) Note that only one-third of quadracycles currently pay the on-road motorcycle registration fee, so the proposal under the aforementioned assumption will effectively decrease the fees on a third of quadracycles, while the remaining two-thirds of quadracycles registering, or 5,778 (8,677 – 2,889) will see an increase in their registration fees.
11. At this time all quadracycles registered are permanently registered. The \$5.60 one-time registration fee for a quadracycle provided for by HB 651 would *increase* revenues by \$48,535 each year (8,667 x \$5.60).
12. Under the proposal, general fund revenue is projected to increase by \$16,034 (-\$32,501 + \$48,535) each year.
13. There would be one-time nominal administrative costs to DOJ for programming and computer usage to remove quadracycles from the motorcycles fees and add the fees for quadracycles as provided in HB 651.

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$0	\$0
<u>Funding of Expenditures:</u>		
General Fund (01)	\$0	\$0
<u>Revenues:</u>		
General Fund (01)	\$16,034	\$16,034
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$16,034	\$16,034

TECHNICAL NOTES:

1. Current law does not specify that the motorcycle and quadracycle fee under 61-3-321(1)(h) only applies to those motorcycles or quadracycles driven on public roads. Department of Justice only assesses the (\$11.25) fee on motorcycles and quadracycles driven upon public roads (on-road). The current law is unclear and should be clarified. The proposal should also be specific to on, or off-road designations.
2. 61-3-527, MCA, currently provides for fees for the permanent registration of motorcycles or quadracycle, as well as, annual registration fees for motorcycles or quadracycles with special license plates issued under 61-3-415, MCA. Section 4 of HB 651 removes the quadracycles from the \$11.25 permanent registration

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fees or the \$9.75 registration fee for special license plates. There would be a question about quadricycles that are presently registered for on-highway use. Specifically, it is unclear whether quadricycles would be removed from those vehicles also paying the fees for the highway patrol pension trust fund (\$1.25 in 61-3-527, MCA), the veterans services registration fee (\$0.50 in 61-3-321(7)), or the senior citizens transportation fee (\$0.25 in 61-3-321(6)).

3. SB 285 and HB 671 clarify and simplify motor vehicle language. If SB 285, HB 671, SB 318, and HB 651 pass, coordination language will be necessary.
4. Department of Justice believes additional costs could be incurred if changes are necessary for the mainframe legacy system as a result of legislative changes.